

Public Employees Benefits Board
DRAFT Meeting Minutes

July 12, 2005
DIS Boardroom
605 East 11th Street
Olympia, WA
1:30 p.m.

Members Present

Steve Hill
Greg Devereux
Eugene Lux
Dr. Penny Palmer
Gary Robinson
Christine Sargo
Margaret Stanley

Members Absent

Frances Locke
Yvonne Tate

Call to Order

Steve Hill, Chair, called the meeting to order at 1:30 p.m. Role call was taken. Sufficient members were present to allow a quorum.

Approval of May 17, 2005, PEBB Meeting Minutes

It was moved, seconded, and carried to approve the May 17, 2005, PEBB Board meeting minutes.

Public Hearing

The PEBB Board meeting was temporarily suspended. Health Care Authority (HCA) Rules Coordinator Pete Cutler opened the rule making hearing convened to receive testimony on Health Care Authority proposed amendments and new sections to Chapters 182-08, 182-12, and 182-16 of the Washington Administrative Code. The changes clarify administrative and eligibility rules affecting PEBB sponsored insurance coverage. No public testimony was received. Mr. Cutler declared the hearing on the proposed amendments closed.

Eligibility and Benefit Procurement

Chair Hill reconvened the PEBB Board meeting. Mr. Hill pointed out to Board members that they would be voting on the eligibility criteria embedded in the rules, but that authority to adopt the rules rests with the Administrator of the HCA.

Richard Onizuka, Director of Health Care Policy for the HCA, gave an overview of the results of the 2006 procurement and reported that the Board would be voting on four elements: eligibility, benefit alternatives, non-Medicare premium, and Medicare subsidy rate.

It was moved, seconded, and carried to adopt the proposed eligibility criteria presented to the Board in WAC 182-08 and WAC 182-12.

Janet Peterson, Executive Director for the Uniform Medical Plan (UMP), presented UMP's recommended "budget neutral" benefit design changes for UMP PPO and for UMP Neighborhood for 2006. Highlights of the proposed changes are:

- Offer a \$30 rebate to adults who have demonstrated a healthy lifestyle and use of preventive care services.
- Change routine eye exam coverage to every year.
- Standardize network benefits for people outside the Washington/Oregon area.
- Increase enrollee annual out-of-pocket cost limit to \$1500 per year.
- Establish a 16 visit cap on massage therapy benefits.
- Provide greater incentive for use of generic prescriptions at retail pharmacies.

- Eliminate medical surgical deductible for enrollees who choose the care system approach through UMP Neighborhood.

Dr. Penny Palmer moved that the Board adopt the 2006 UMP benefit package recommended by the HCA. Motion was seconded.

Mr. Robinson said he is pleased with the focus on preventive services and a healthy lifestyle, and urged the HCA to continue to encourage these practices and emphasize alternatives in other plans.

Ms. Stanley requested that the HCA design an evaluation methodology to review the impact of the 16 visit cap on massage therapy benefits.

Mr. Devereux stated that he would not support the motion. He shared concerns related to the out-of-pocket maximum rising when state workers haven't received any wage increases. He also had concerns with the cap on massage therapy benefits.

The Board voted to adopt the 2006 UMP benefit package recommended by the HCA. Mr. Devereux voted against adoption of the package.

Mr. Onizuka advised the Board that the HCA will not recommend bariatric surgery benefit inclusion for 2006 due to budget constraints and concerns regarding the effectiveness and risks related to the surgery. He indicated that HCA will continue to look at preventive measures related to obesity.

Mr. Devereux asked the HCA to continue to seek opportunities to provide cost effective care related to obesity.

Mr. Onizuka presented the non-Medicare bid rate overview. Mr. Devereux said the union negotiated a 12 percent contribution rate and an 11.1 inflation rate. He was concerned that the bid rate was calculated using an 8 percent inflation rate.

It was moved and seconded to approve the non-Medicare enrollee contribution rates. The Board voted to adopt the non-Medicare rates. Mr. Devereux voted against the adoption of the rates and requested additional information on reconciling the explicit funding rate in the bargaining agreement with the final employer contribution toward employee medical premiums.

Mr. Onizuka presented the Medicare subsidy rate. It was moved and seconded to adopt the Medicare subsidy of \$131.87. The motion carried.

Public Comment

Dr. Gabriel Alperovich, bariatric surgeon from Renton, shared his concerns regarding the denial of coverage for bariatric surgery benefit.

Viola Sexton, SHIBA representative, inquired about Medicare Part D and pharmacy benefits for retirees. Mary Fliss, PEBB Program Assistant Administrator, said that Medicare Part D enrollees will have the option for pharmacy coverage and outlined several scenarios. PEBB program staff will meet with SHIBA to ensure retirees understand possible options and consequences.

Chair Hill reviewed upcoming meeting dates with Board members.

The meeting was adjourned.

Respectfully submitted,

Steve Hill, Chair

WAC Summary: Part-Time Faculty Rule Making

Mader v. Health Care Authority (HCA) Settlement Provisions Affecting PEBB Program Eligibility:

1. Part-time community and technical college faculty working half-time or more during the academic year are eligible for employer premium share of health benefits during the off season.
2. The Health Care Authority must conduct a good faith review of eligibility for employer premium during the off season for community and technical college instructors who *average* half-time during the academic year.

Rulemaking History:

The Board adopted an emergency rule in April 2005 to codify the terms of the *Mader v. HCA* settlement agreement. The agreement grants eligibility for the employer share of PEBB benefits to part-time community and technical college instructors during their off season.

New Rule Proposal:

This emergency rule expires September 1, 2005. A new rule is proposed to extend the content of the emergency rule through April 2006, during which time the HCA will complete the good faith review.

Good Faith Review of Eligibility and Next Steps:

In June 2005, the Health Care Authority Administrator approved a proposal for outlining the good faith review, including guiding principles. Monthly reports will be issued to the Administrator and stakeholders with final recommendations due by December 31, 2005. The review will evaluate the operational feasibility, cost impacts, and appropriateness of making part-time community and technical college faculty and/or other similarly situated state employees who *average* half-time or more during an academic year/work cycle eligible for the employer premium of health benefits during their off season.